

Message Text

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44

ACTION EUR-12

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 3310

INFO AMEMBASSY MADRID

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MADRID NOT ADDRESSEE, FOR AMB CARLUCCI

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TAGS: BGEN, PO

SUBJ: TORRINGTON INDUSTRIES

REF: STATE 156796

SUMMARY: TORRINGTON MANAGEMENT REPORTS JULY 3 MEETING COMPLETELY UNSUCCESSFUL. SOLUTION PROPOSED BY LABOR MINISTRY UNACCEPTABLE AND, IN FACT, RETREATS FROM PROPOSALS PREVIOUSLY MADE BY MINISTRY. TORRINGTON EXECUTIVES WILL PRESENT THIS EVENING TO GOP WRITTEN DOCUMENT STATING THEIR POSITION AND WILL WAIT AT LEAST UNTIL MONDAY FOR SOME RESPONSE. END SUMMARY

1. JULY 3 MEETING CONVENED AT LABOR MINISTRY WITH REPRESENTATIVES FROM 5TH DIVISION OF ARMED FORCES GENERAL STAFF, COPCON, ARMED FORCES MOVEMENT, MINISTRY OF INDUSTRIES, METALURGICAL WORKERS UNION, AND NINE MEMBERS OF TORRINGTON WORKERS COMMISSION. MEETING, WHICH LASTED FROM 4:00PM TO 11:00PM, WAS CHAIRED BY LABOR MINISTRY REPS EUGENIO ROSA AND CHEFE DE GABINETE AMARAL. ROSA, CHIEF OF LABOR MINISTRY LISBON MEDIATION SECTION, PRESENTED PROPOSED SOLUTION WHICH INCLUDED: A) SHANNON ULTIMATELY MUST BE REPLACED ALTHOUGH HE CAN RE-ENTER PLANT TEMPORARILY, B)

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ELEVEN PORTUGUESE MANAGERS NOW OUTSIDE OF THE PLANT WILL BE

SUSPENDED WHILE AN INQUIRY IS HELD, AND C) FIVE OTHER PORTUGUESE MANAGERS CAN RE-ENTER PLANT WHILE INQUIRY IS HELD TO DETERMINE THEIR FITNESS TO CONTINUE. INQUIRIES WILL BE HELD BY TRI-PARTITE BOARDS.

2. TORRINGTON LAWYER ASKED AMARAL WHY THIS PROPOSAL RETREATED FROM PREVIOUS TWO PROPOSALS ACCEPTED BY TORRINGTON. AMARAL ANSWERED THAT NEW INFORMATION HAS BEEN DEVELOPED WITHIN LAST FEW WEEKS.

3. TORRINGTON OFFICIALS FIND PROPOSED SOLUTION COMPLETELY UNACCEPTABLE, NOT EVEN AS STARTING POINT FOR NEGOTIATIONS. AT 5:00PM MEETING TONIGHT (JULY 4) THEY WILL PRESENT THEIR POSITION IN WRITTEN FORM TO AMARAL AS LABOR MIN REP. OUTLINE IS ROUGHLY AS FOLLOWS: A) PLANT ILLEGALLY OCCUPIED, FIRING OF CABRITA LEGAL, WITHDRAWAL OF FUNDS FROM BANK ACCOUNT ILLEGAL AND UNDER U.S. LAW IS EQUIVALENT TO NATIONALIZATION OF TORRINGTON PROPERTY; B) TORRINGTON UNABLE TO ACCEPT LATEST LABMIN SOLUTION BECAUSE IT TURNS OVER MANAGEMENT OF PLANT TO WORKERS, MAKING EFFICIENT AND PROFITABLE OPERATION OF PLANT IMPOSSIBLE; C) TORRINGTON WITH-DRAWS ITS ACCEPTANCE OF THE PREVIOUS LAB MINISTRY PROPOSALS; D) SINCE LABOR MINISTRY CANNOT RESOLVE DISPUTE, TORRINGTON WILL INSTITUTE LEGAL PROCEEDINGS IN BOTH PORTUGUESE AND U.S. COURTS AND WILL ATTEMPT ENLIST DIPLOMATIC ASSISTANCE IN ORDER TO REGAIN CONTROL OF ITS PROPERTY IN PORTUGAL.

4. TORRINGTON OFFICIALS WILL DEPART MINISTRY AFTER PRESENTATION OF DOCUMENT UNLESS LABOR MINISTRY OFFERS BEGIN NEGOTIATIONS FROM MORE REALISTIC POSITION. THEY WILL TELL AMARAL THAT TORRINGTON MANAGER ASHMEAD WILL REMAIN IN COUNTRY UNTIL MONDAY AND WILL RESPOND TO ANY LABOR MINISTRY INITIATIVES. LAWYER AND SHANNON HAVE MADE APPOINTMENT DISCUSS SITUATION WITH MINISTER OF INDUSTRY CRAVINHO ON JULY 11.

5. COMMENT: EMBASSY, WHILE NOT SURPRISED AT NEGATIVE RESULT, SOMEWHAT SURPRISED AT TOUGH, UNREALISTIC STAND TAKEN BY GOP. ABRUPT ABOUT-FACE BY LABOR MINISTRY APPEARS SIMILAR TO QUICK POLICY CHANGE IN RADIO RENASCENSA DISPUTE (SEE SEPTEL). PARTICULARLY SURPRISING IS APPARENT HARD LINE TAKEN BY AMARAL, WHO PREVIOUSLY APPEARED TO BE WORKING HARD TOWARDS ACCEPTABLE COMPROMISE LIMITED OFFICIAL USE

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SOLUTION.

6. SINCE DISPUTE ALMOST CERTAINLY WILL NOT BE RESOLVED SATISFACTORILY THIS WEEKEND, EMBASSY BEGINNING PREPARATION OF SUGGESTED TALKING POINTS FOR PROTEST TO GOP AUTHORITIES. GIVEN TORRINGTON'S JULY 11 APPOINTMENT WITH CRAVINHO, DEPARTMENT MAY WISH RECONSIDER TIMING OF PROTEST.
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